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PLACER

Placer Development Limited Fortieth Annual Report 1966

File

the year at a glance

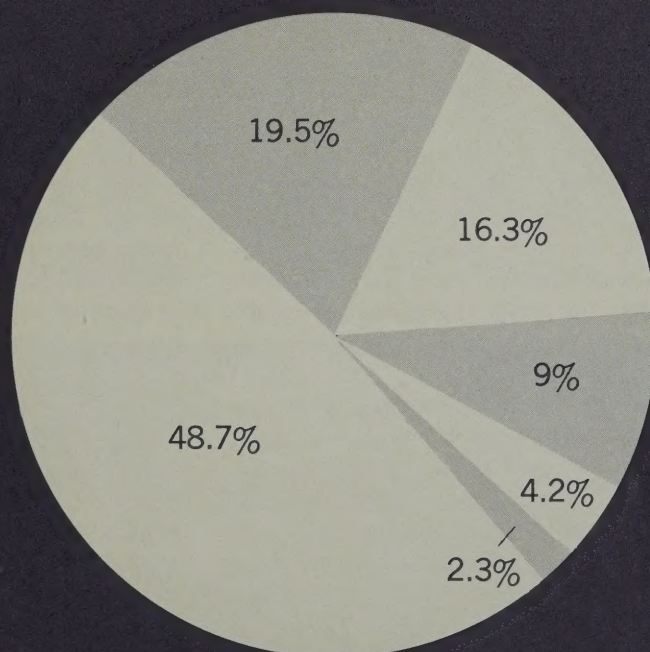
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INSIDE BACK COVER	Corporate structure

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of the Company will be held on Tuesday, October 25, 1966 at 11:00 A.M. in the Hornby Room of the Hotel Vancouver, Vancouver, B.C., Canada.

\$ 5,994,300
 \$ 1.15
 \$ 2,849,845
 \$ 0.55
 5,228,137
 \$ 7,309,905
 \$62,499,292
 \$15,428,944
 5,671
 2,040



FUNDS WERE USED FOR

Reduction in term bank loans	19.5%
Additions to fixed assets	16.3%
Dividends	9%
Increase in exploration in progress	4.2%
Investments and advances	2.3%
Working capital at year end	48.7%

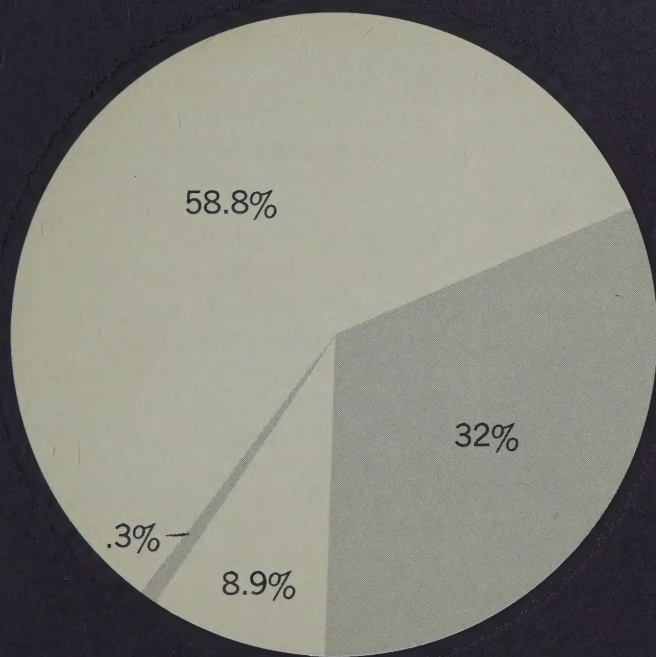
CLEAR

Placer Development Limited

Incorporated in British Columbia, Canada

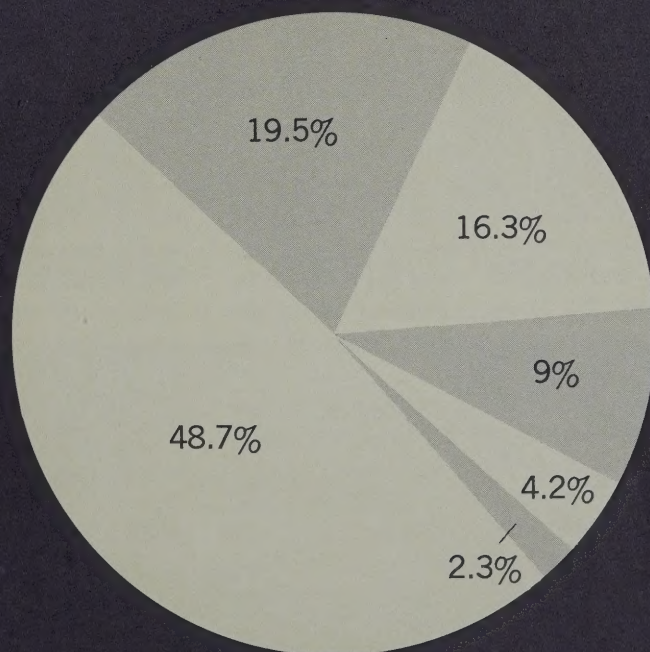
the year at a glance

Net Income	\$ 5,994,300
Earnings per share	\$ 1.15
Dividends paid	\$ 2,849,845
per share of outstanding Common	\$ 0.55
Common stock outstanding (net)	5,228,137
Recorded value of investments	\$ 7,309,905
Market value of investments	\$62,499,292
Working capital	\$15,428,944
Number of shareholders	5,671
Number of employees	2,040



FUNDS WERE AVAILABLE FROM

Working Capital, beginning year	58.8%
Funds from operations	32%
Redemption of debentures	8.9%
Sale of treasury shares	.3%



FUNDS WERE USED FOR

Reduction in term bank loans	19.5%
Additions to fixed assets	16.3%
Dividends	9%
Increase in exploration in progress	4.2%
Investments and advances	2.3%
Working capital at year end	48.7%

directors' report to the shareholders

On April 26, 1966, the Registrar of Companies of British Columbia issued a certificate amalgamating Placer Development, Limited and Bulolo Gold Dredging Limited as a continuing entity under the name Placer Development Limited. This certificate was the final step arising from meetings of the shareholders of each company, at which the principles of amalgamation were approved, and brought together the shareholders of the two companies whose association dates back to 1930.

This is the first report addressed to the shareholders of the amalgamated Company, Placer Development Limited; accordingly, the financial statements for the fiscal period ended April 25, 1966, have been prepared as though the amalgamation had been in effect for the entire period. The five-year summary of results included in this report is also on this basis.

The earnings of your Company for the period ended April 25, 1966, amounted to \$5,994,300 or \$1.15 per share, an increase of \$1,150,400 or \$0.22 per share compared with the 1965 results.

The improvement in earnings reflects the consolidation of your Company's 76.6% interest in Endako Mines Ltd. Endako reported a net profit of \$7,700,000 for its first fiscal year, which profit was earned in the last nine months of that year. The improvement due to the inclusion of Endako's results was, in part, offset by a reduction of \$1,700,000 in the dividend income from Craigmont Mines Limited. Craigmont resumed operations on April 18, 1966, and within 3½ months was in a position to pay the regular quarterly dividend of \$0.25 per share.

One other factor offsetting an improvement of your Company's earnings was the continued increase in expenditures on exploration. It bears repeating that, in the opinion of your Board, the search for new reserves must be vigorous and continuing.

The chart of company relationships at the end of this Annual Report has been amended to more easily reflect the growth and wide geographical interests of your Company.

While free world demand for molybdenum exceeded available supplies throughout the past year, there are some indications that the shortage is easing; however, there is good reason to expect healthy molybdenum markets during the current fiscal year. Endako, with the major part of its production secured by long term contracts and producing a concentrate of superior quality, can be expected to enjoy a secure position with its customers.

Good copper prices are expected throughout the coming year although the extreme shortage of the metal is easing. Barring unforeseen developments of a political nature abroad it is reasonable to expect better availability of the metal and hence a lessening of the substitution by other materials.

Your Company has realized favourable prices for lead and zinc during the past year. While lower prices are a possibility during the coming year, particularly for lead, the Company is assured of favourable smelting arrangements for both metals and the impact of any price decline should be moderate.

In the Notice of Meeting accompanying this report you will observe the absence of the name of Mr. J. W. Austin in the

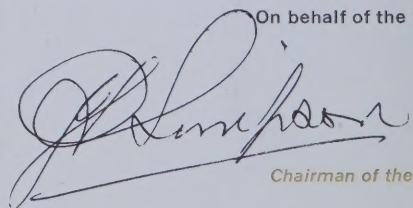
Directors standing for re-election to the Board of Directors.

On account of the great amount of travelling involved both from and in Australia and New Guinea, Mr. J. W. Austin advises that for reasons of health he wishes to retire from the position of Vice-President and will not be available for re-election as a Director for the ensuing year. The Board received this advice with regret. Mr. Austin has been associated with the Placer Company since 1931, first as auditor, then as a Director from 1952 and from 1956 as Vice-President. Mr. Austin was also President and Managing Director of Bulolo Gold Dredging Limited and Chairman of the Board of Commonwealth-New Guinea Timbers Limited.

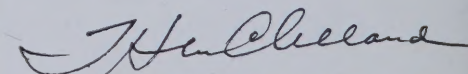
During his lengthy association with the Company Mr. Austin contributed much to the success of the Placer group. Mr. Austin has agreed to make available his knowledge and advice in a consulting capacity. The Directors wish Mr. Austin an early return to good health.

The Directors wish to express their appreciation to the staff and employees of the Placer group of Companies for their continued loyalty and efficient service throughout the year.

On behalf of the Board



Chairman of the Board



President & Chief Executive Officer

operations

CANADIAN

Jersey Mine (100% Owned)

The Jersey lead-zinc mine is located near Salmo, British Columbia. During the year, a total of 385,443 tons was mined and milled to produce 4,179 tons of lead concentrate and 20,523 tons of zinc concentrate.

All lead concentrate was sold to the Bunker Hill smelter at Kellogg, Idaho. The zinc concentrate produced to December 31, 1965 was sold to the Cominco Ltd. smelter at Trail, British Columbia. Since that date, all zinc concentrate has been sold to The Anaconda Company's smelter at Black Eagle, Montana.

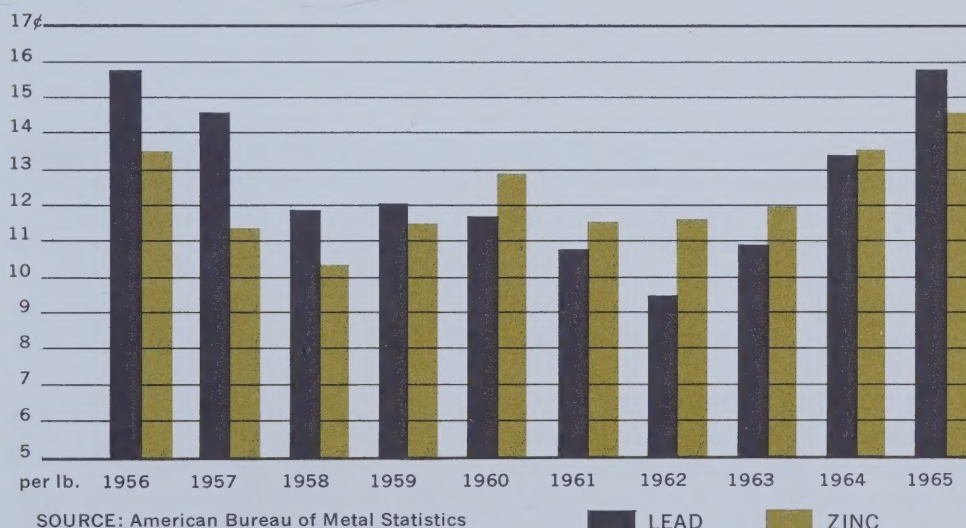
Lead and zinc prices remained steady during the fiscal year, with lead at 16.0 cents (U.S.) per pound and zinc at 14.5 cents during April, 1966.

Ore reserves at April 1, 1965, in the proven and probable category, were reported at 739,733 tons grading 1.2% lead and 4.1% zinc. The ore reserves have been recalculated as of April 1, 1966, as 639,996 tons grading 1.2% lead and 4.0% zinc. The 285,000 tons of new ore proved during the year can be attributed in part to geological interpretation and in part to the mining of lower grade areas as required to allow extraction of proven and probable ore blocks. The high metal prices made economic the processing of lower grade material.

Mattagami Lake Mines Limited (N.P.L.) (25.86% Owned)

Mattagami operates a zinc-copper mine in the Mattagami area of Quebec. During the year 1965, the average milling rate was 3,852 tons per day, giving a total

YEARLY AVERAGE LEAD AND ZINC PRICES PER LB. EAST ST. LOUIS



The pleasant Jersey Mine townsite located near Salmo in British Columbia.

throughput for the year of 1,406,154 tons from which were produced 294,822 tons of zinc concentrate and 38,325 tons of copper concentrate. Mattagami is now one of the world's largest producers of zinc concentrate, being exceeded in Canada only by the combined mines of Cominco Ltd.

The net profit, after allowances for depreciation, amortization and Quebec mining duties was \$14,631,377, or \$2.21 per share, an increase of 13% over 1964 profits. The increased profit was due to higher metal prices and decreased interest charges. Mattagami Lake Mines, however, will not be in a position to pay dividends until the long term debt, which stood at \$12,000,000 at the end of 1965, is retired. A substantial portion of present earnings is being used to pay Mattagami's share of the cost of expanding the Canadian Electrolytic Zinc plant as well as for improvements to mine facilities.

During the first half of 1966 mining was maintained at a normal rate and the concentrator at rated capacity. Throughput for the period was 701,346 tons from which were produced 173,138 tons of zinc concentrate and 13,080 tons of copper concentrate. The estimated net profit to June 30, 1966 was \$8,423,639, or \$1.28 per share.

Exploration of the property was continued during 1965 and the first six months of 1966, employing one surface and two

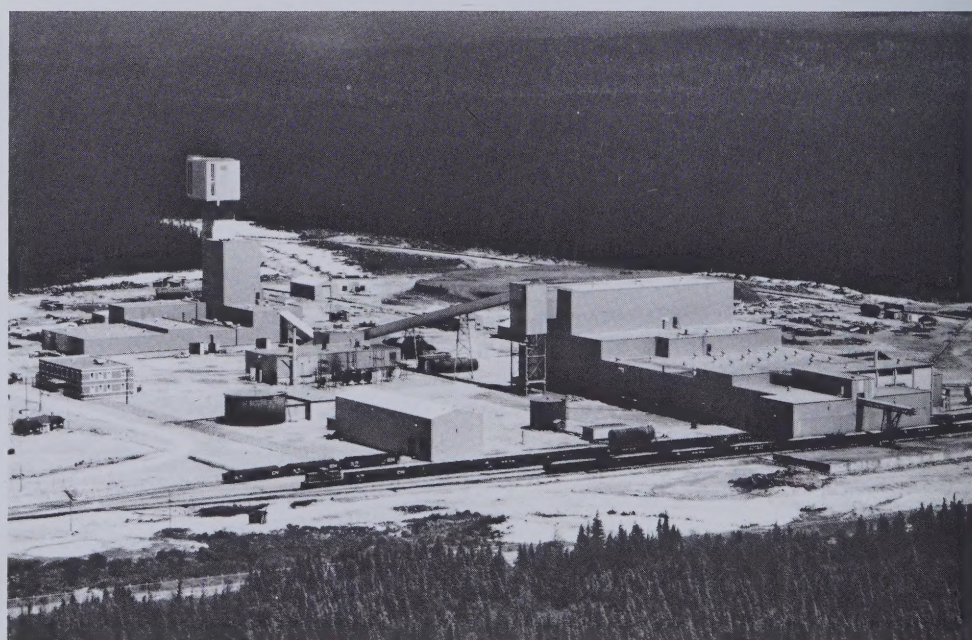
underground diamond drills. No significant new ore was added, but the No. 2 orebody was more completely defined.

At the end of 1965, ore reserves at Mattagami were reported as follows:

Orebody	Tons	% Zn.	% Cu.	oz. Au. /ton	oz. Ag. /ton
No. 1	17,655,906	10.7	0.68	0.014	1.15
No. 2	1,799,139	10.1	0.75	0.013	0.99
Total	19,455,045	10.6	0.69	0.014	1.13

The Canadian Electrolytic Zinc plant at Valleyfield, Quebec, in which Matta-

gami Lake Mines Limited maintains a 62.5% interest, continued to improve production and metallurgy. During 1965, nearly 74,000 tons of slab zinc were produced and all grades of zinc are now to specifications. Plant capacity was increased to 250 tons of zinc per day, but throughput was somewhat less due to a shortage of roasting facilities for zinc concentrate. A construction program to increase plant capacity to 400 tons per day is nearly complete and the new facilities should be in production by late 1966.



The millsite of Mattagami Lake Mines Limited in Quebec.

Craigmont Mines Limited

(44.6% Owned)

Craigmont operates a 5,000 tons per day copper mine near Merritt, British Columbia.

Craigmont reported a net profit of \$2,256,248, equivalent to \$0.44 per share, for the fourth year of operation ended October 31, 1965. The decline in profits from the previous year was due mainly to the lower grade of ore treated, and also to the shut-down of the mine by a strike which commenced on September 30, 1965, resulting in an eleven-month operating year. Three dividends each of \$0.25 per share, which would have been paid normally, were omitted because of the strike.

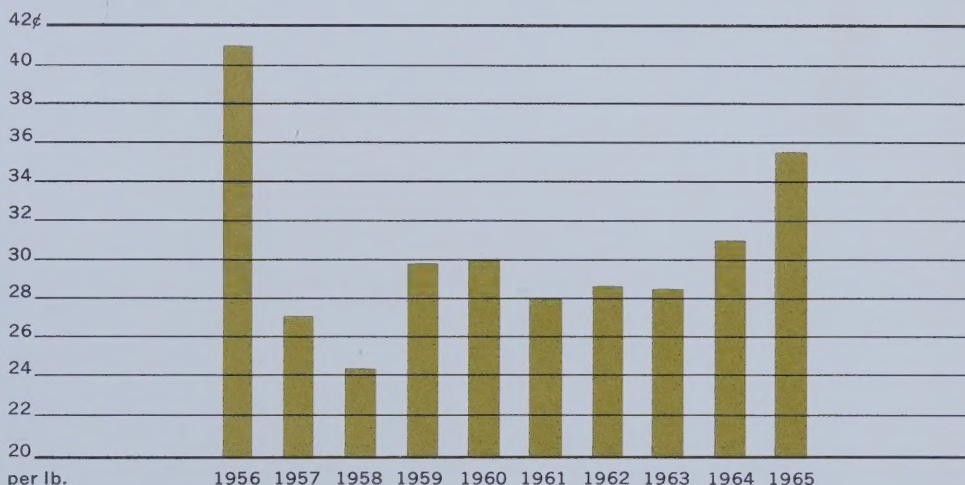
The strike ended on April 17, 1966, and in the period to July 31, 1966, 492,262 tons averaging 1.46% copper were treated in the mill. An improvement in grade of ore treated is expected during the coming year.

In the nine months ended July 31, 1966, an operating profit of \$4,689,000 or \$0.92 per share was reported. After providing \$1,196,000 for depreciation, depletion and amortization of pre-production expenses, a net profit of \$3,493,000 or \$0.69 per share was realized. Dividends were resumed with the payment of \$0.25 per share on July 29, 1966, with Placer receiving \$566,000.

A sub-level caving method is being adopted for underground mining. Planning and development for full scale under-

YEARLY AVERAGE COPPER PRICES PER LB.

E & M J EXPORT REFINERY



ground production in 1967 are well advanced to coincide with completion of open pit mining.

Ore reserves as of November 1, 1965, were reported at 20,919,450 tons at a grade of 1.84% copper compared to 23,071,000 tons of ore averaging 1.76% copper at November 1, 1964. During the same fiscal period, 1,616,615 tons of ore averaging 1.16% copper were treated.

A continuing program of surface and underground exploration is being carried out in the vicinity of the mine.

Copper concentrate continues to be sold under favourable sales agreements. The average price received for copper sold during the year to October 31, 1965, was 35.75 cents (U.S.) per pound. Continuing strength in demand with favourable prices is anticipated for copper during 1966. The monthly average E. & M. J. export price has increased from 41.77 cents (U.S.) per pound in January, 1966, to 57.72 cents (U.S.) per pound in July, 1966, easing to 48.80 cents (U.S.) in August, 1966.

Endako Mines Ltd. (N.P.L.)

(76.6% Owned)

Endako operates a molybdenum mine near Fraser Lake, British Columbia. In addition to 76.6% of the common shares, your company holds \$5,000,000 of 6% redeemable preference shares on which accrued dividends as of April 30, 1966, amount to \$525,479.

The pre-production and development stage of Endako Mines Ltd. (N.P.L.) continued until July 31, 1965, at which date the Company commenced its operating period. A total of \$16,200,000 (U.S.) in term loans was arranged by Placer under its commitments to finance the property into production.

Funds generated during the operating period of Endako's fiscal year ended April 30, 1966, amounted to \$9,860,419. Of these funds, \$5,235,443 was expended in repayment of term bank loans, \$624,446 in removal of overburden in the East Pit, and \$2,526,721 in additions to fixed assets. The balance of \$1,373,809 was added to working capital. As Endako is in its three year tax-free period, no provision has been made for Federal Income Tax or Provincial Mining Tax. On June 15, 1966, a further payment in the amount of \$2,634,944 was made on the term bank loans, leaving a balance outstanding of \$9,565,741. Endako has forecast that the balance of the term bank loans may be retired before the end of 1967.

Additions to fixed assets during the year included additions to pit equipment, installation of a regrind mill and a thickener, reinforcement of the fine ore bins, modification to the roasting, drying and packaging sections of the plant, miscellaneous equipment, a financial contribution to the cost of the main access road to the mine, and additions to the town-site. The additions and modifications to

the plant have made it possible to increase the throughput of the concentrator from the designed capacity of 10,000 tons per day to the present 14,300 tons per day.

The ore reserves at April 30, 1966, within the limits of current pit design and grading above 0.12% MoS₂, totalled 87,187,000 tons at an average grade of 0.203% MoS₂. Within the same pit design, the ore above 0.08% MoS₂ totalled 157,485,000 tons at an average grade of 0.157% MoS₂.

Open pit mining has been confined to the western section of the orebody. Overburden has been removed from a portion of the eastern section of the orebody in

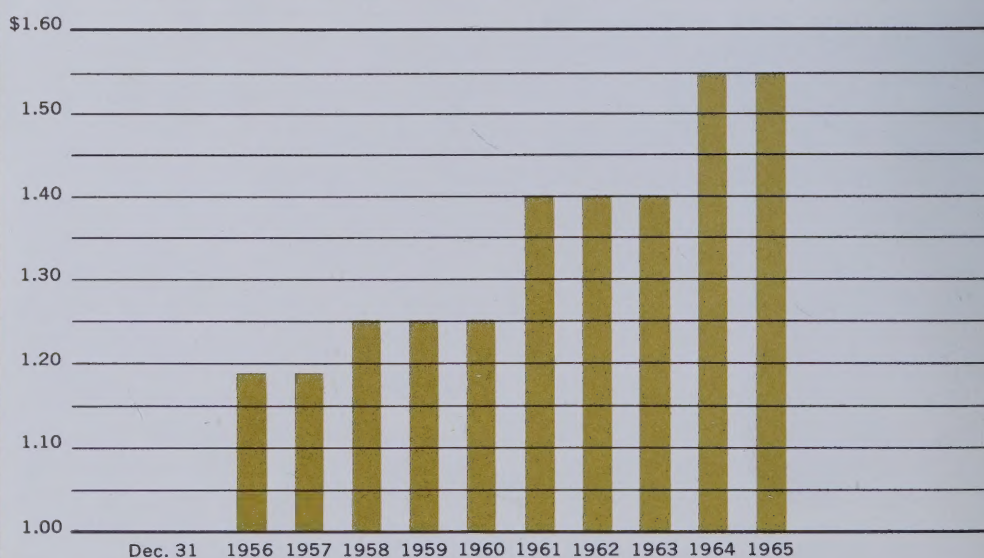
preparation for future mining. The strip ratio to date has averaged 0.75 tons of waste for each ton of ore treated in the mill. For the first quarter of Endako's current fiscal year to July 31, 1966, the following production statistics were recorded:

Tons Milled	1,339,000
Average Grade	0.237% MoS ₂
Mo Produced	3,087,301 lbs.
Recovery	82.01%

Planning is now under way to expand the capacity of the plant to 22,000 tons per day. The estimated \$5,000,000 expansion will be financed by internally gener-

MOLYBDENUM

Climax Price per lb. 90-95% MoS₂ Concentrate contained Mo.



SOURCE: American Bureau of Metal Statistics

The Endako concentrator showing the flotation section and, on the left, a part of the grinding section.



ated funds supplemented by short term loans as required.

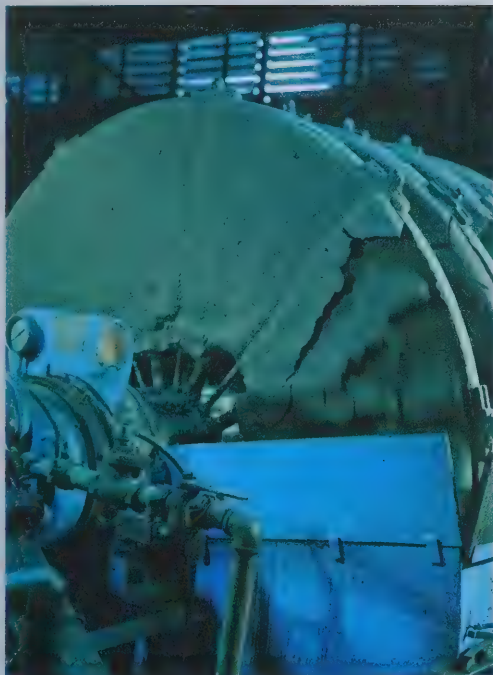
The molybdenum is sold under long term contracts as molybdenite and molybdic oxide. Currently, Endako is committed to deliver a minimum of 9,000,000 pounds per year under these contracts, but with the projected increase in plant throughput, Endako can commit in long term sales up to 12,000,000 pounds per year. Forecasts indicate a rapid increase in consumption of molybdenum at prices at or above the present sales price of \$1.55 (U.S.) per pound of molybdenum in molybdenite, and \$1.75 (U.S.) per pound of molybdenum in molybdic oxide.



Endako molybdenum concentrate in sealed drums awaits shipment.

The conveyor galleries and the coarse ore stockpile at Endako.





*A portion of the open pit at
Craigmont Mines Limited.*

*Top- Craigmont copper
concentrate on flotation cells.*



*Craigmont copper concentrate
accumulating on disc filters.*

*Cable belt conveyor at Craigmont
transports open pit ore to the stockpile.*



foreign

U.S.A.

Evan Jones Coal Company

(48.33% Owned)

The Evan Jones Coal Company continued its strip coal mining and washing operation in the Matanuska Valley near Anchorage, Alaska.

Coal sales for the fiscal year ended April 30, 1966, totalled 320,025 tons, with 272,321 tons sold under military contract, 29,902 tons to the Chugach Electric Utility, and 7,802 tons to other markets, all at an average price of \$8.73 per ton. These

*Trucks are loaded at the
Evan Jones Coal Company strip mining
operation near Anchorage, Alaska.*



sales compare with total sales during the previous fiscal year of 266,196 tons at an average price of \$7.60. Recently, a new military contract has been made for the year commencing July 1, 1966, for a total of 264,643 tons at \$11.25. A recently negotiated labour contract for a two-year period will result in a higher net price as a result of an escalation clause in the military contract. In addition to the sale of coal to the military, it is anticipated that some coal will be sold to the Chugach Electric Utility, as well as a minor amount to the local domestic market. Natural gas producers in the area continue in their efforts to convert the military bases to natural gas.

Iron Age Mine

(100% Owned)

The Iron Age Mine, a magnetic iron ore property located near Twentynine Palms in southern California, was purchased in 1963 and operates as a division of American Exploration & Mining Co. Sales of open hearth lump ore totalled 127,296 tons during the twelve-month period ended April 30, 1966, compared to 126,032 tons during the previous year. Sales of 35,856 tons of fine ore to cement manufacturers compared to last year's sales of 34,355 tons. Competition from pellets for use in the open hearth furnaces of Iron Age's customers has resulted in a drop in lump sales to the level of 5,000 tons per month. Additional market possibilities are under investigation, but prospects for an economic market and continued operation are not good at this time.

AUSTRALIA

Fox Engineering

(100% Owned)

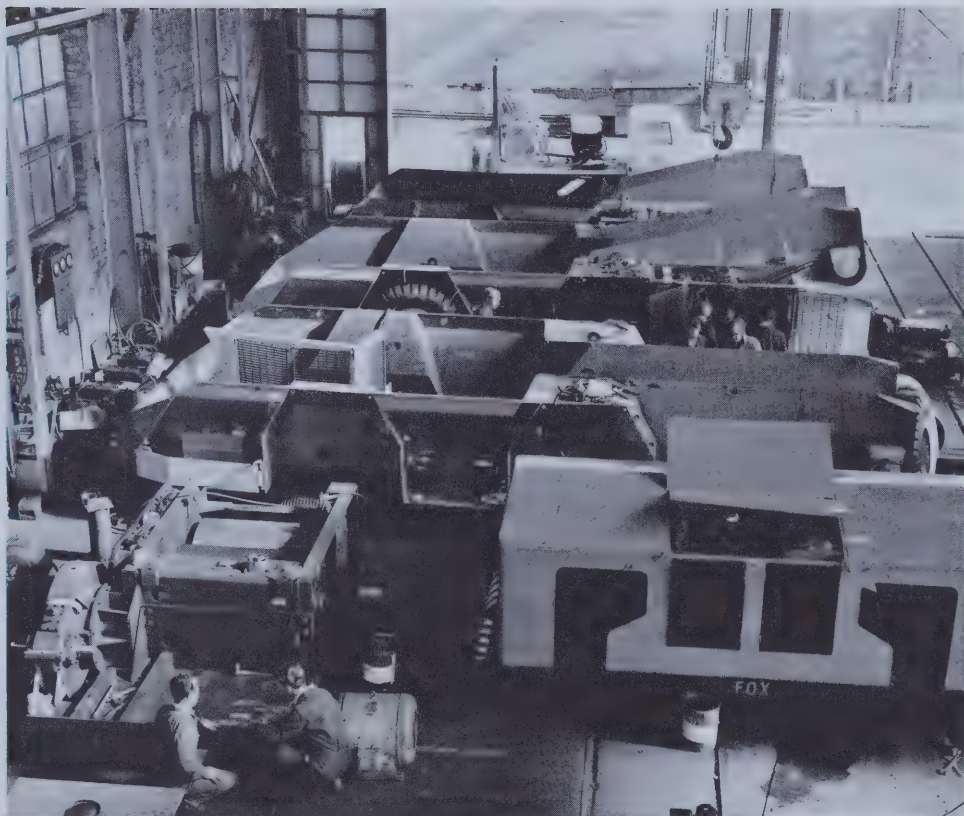
The Fox Engineering Works is situated at Bankstown, near Sydney and is engaged in the manufacture of equipment mainly for the mining industry and "Tor-Kar" Mine Shuttle Cars, and "Mobile" drilling rigs under licence. Major markets for mining equipment are in New South Wales and Queensland, while custom engineered products are sold mainly in the Sydney metropolitan area. The demand for the products of this Division has increased substantially over recent years and plans are now under consideration for providing new factory premises and equipment at the existing location.

Plywood Manufacturing

Associated Plywoods Pty. Limited, a wholly owned subsidiary, is located 12 miles west of Sydney. The plant manufactures plywood from veneers purchased from South Pacific Timbers in New Guinea, and other veneer producers on the mainland of Australia.

Associated Plywoods Sales Pty. Limited acts as a distributor for the plymill, other plywood plants and also for Commonwealth-New Guinea Timbers Limited "Klinkii" plywood.

Among the major outlets for plywood is IDAC Pty. Limited, an office partitioning company, owned 86% by Placer Development Limited, located close to Sydney. The work carried out ranges from partitioning of multi-storied buildings to individual floors and suites of offices.



The main assembly areas in the Fox Manufacturing Company plant. Diesel powered TorKars are seen here in various stages of completion.

NEW GUINEA

Gold Production

Following the exhaustion of payable ore reserves, dredging operations at Bulolo, New Guinea, ceased in May 1965, after continuous operation, except for the war years, since 1932. Hydraulic mining operations are still carried on but reserves are limited. During the period a total of 875,400 cubic yards of gravel were handled yielding 2,215 fine ounces of gold.

Timber

South Pacific Timbers, located at the seaport of Lae on the north coast of the Territory has been operating since 1957. Recently extensive new equipment installations were made, which it is anticipated

will continue the improvement shown throughout the period. Logging operations are now being carried out in the Pai Awa timber stand some 48 miles along the coast from Lae. Timber is transported by sea barge while export logs are loaded direct into vessels at safe anchorages along the coast.

Leron Plains

During 1960 a 23,000 acre grass land lease 60 miles up the Markham Valley west of Lae was obtained for cattle raising. A herd of 4,500 head is presently carried, which is being continually improved by natural increase. The immediate object is to supply meat to the New Guinea Market.



In Portugal the Terramonte Mine concentrator treats 250 metric tons a day. Lead-zinc-silver reserves are approximately 430,000 metric tons.

**Commonwealth-New Guinea
Timbers Limited**

(49.9% Owned)

This plywood manufacturing company, which is owned jointly by the Commonwealth of Australia and Placer Development Limited was formed in 1952 and commenced plywood production in 1954. The factory has been maintained as the most modern in the southern hemisphere.

Last year the Company produced

26,322,806 sq. ft. of finished wrapped plywood, 3/16" basis, earning an unaudited profit of \$793,145 Canadian, after reserves for duty and tax.

PORTUGAL

Terramonte

(25% Owned)

Activities in Portugal were continued under the management of Placer in parti-

cipation with other mining interests. Placer holds a 25% interest in the Terramonte Mine which commenced operation in February, 1966. Reserves are estimated at 430,000 metric tons with a grade of 3.8% lead, 2.7% zinc and 7.5 ounces of silver.

The concentrator is designed to treat 250 metric tons per day.

Profitable operation is expected by the end of 1966.

exploration

Minerals

Exploration activities of your Company were appreciably intensified during the year under review. In Canada, exploration was primarily in British Columbia and the Northwest Territories, but some work was done in Ontario, Quebec and the Yukon. Exploration was also conducted for potash in Saskatchewan under a permit taken out last year.

Placer, both independently and in association with other companies, has expanded its areas of interest in Australia. Although several attractive exploration targets have been explored, diamond drilling results have not yet established any with mine-making potential.

In Spain your Company, in participation with others, increased its activities during the year. At the present time, two promising areas are being considered for more detailed examination.

Activities of Placer and its American mining associate in Greece were confined to the continued examination of the copper-gold property in the Skouries area. Placer and its associate jointly have a 75% interest in this property. Deep diamond drilling is in progress to assess ore grade mineralization found at depth. This will give the necessary data for a feasibility study in which both upper and lower mineralized zones will be considered.

Exploration activities in the United States were concentrated principally in the western States although some prospects were examined in the east and in Alaska. A discovery of silver mineralization of possible economic significance is being examined and exploration of an extremely large area of copper mineralization is giving encouraging results.

Placer, through loans made on a commercial basis, continued its active interest in Marcopper Mining Corporation which was formed in late 1964 by consolidation



Modern technology and transportation figure prominently in mining exploration. Here a helicopter services an exploration camp on a high mountain ridge.

of the interests of Pamex Mining Co. Inc. and Marex Mining Corporation, covering the copper property on Marinduque Island in the Philippines. A reappraisal of ore reserves on the basis of a lower cutoff, made possible by present copper market conditions, resulted in a very substantial increase in available tonnage at a slightly lower copper grade than previously reported. This project still awaits legislative or judicial action to clarify exploitation rights sufficiently to justify the large investment required to bring the property into production. Meanwhile, plans and tentative schedules are being developed in anticipation of favourable action. In addition, a number of Filipino engineers, technicians and other personnel

are being sent to Canada for advanced on-the-job training at operating mines so as to be available for the possible operation of the Marcopper property.

Oil and Gas

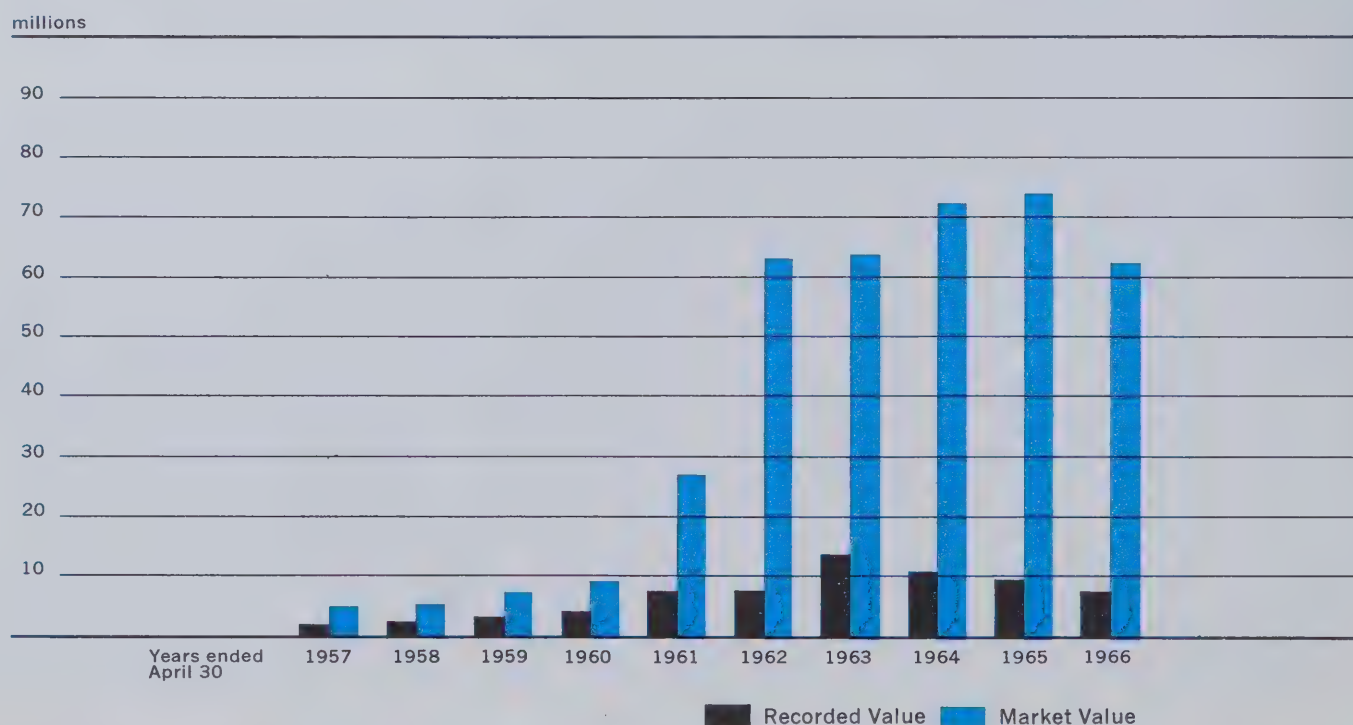
Placer, in association with an experienced petroleum company, has undertaken an oil and gas exploration program in Italy and Sicily. A series of permits has been acquired in both areas and seismic and geologic work have given encouraging results. Two test wells will be drilled this year.

The Wildhorse-Hunter Valley natural gas-sulphur project in Alberta was inactive during the fiscal year. Recently a farmout has been obtained on which a well will be drilled to earn our interest.

5-year summary of operating results of amalgamating companies

	1966	1965	1964	1963	1962
Net operating income.....	\$12,078,400	6,164,900	6,292,500	5,854,400	6,264,500
Investment income.....	1,302,500	3,142,700	2,783,300	1,154,900	759,900
	13,380,900	9,307,600	9,075,800	7,009,300	7,024,400
Depreciation and depletion.....	2,270,200	2,144,900	2,236,200	2,145,600	2,191,500
Preproduction and development expenses.....	896,600	—	—	—	—
Exploration expenses.....	2,255,400	1,100,400	936,200	803,000	690,700
Taxes on income.....	168,000	1,218,400	1,228,200	1,142,200	1,328,500
Minority interest in subsidiary company consolidated (Endako).....	1,796,400	—	—	—	—
	7,386,600	4,463,700	4,400,600	4,090,800	4,210,700
Net Profit.....	\$ 5,994,300	4,843,900	4,675,200	2,918,500	2,813,700
Per share.....	\$1.15	\$0.93	\$0.89	\$0.56	\$0.54
Shares outstanding.....	5,228,137	5,217,437	5,229,019	5,204,859	5,207,022

VALUE OF INVESTMENTS



statement of consolidated profit and loss of amalgamating companies

for the period May 1, 1965 to April 25, 1966 (Note 1)

	<i>Placer Development, Limited</i>	<i>Bulolo Gold Dredging Limited</i>	<i>Amalgamated</i>
Net income from operations before the undernoted items.....	\$11,617,925	\$ 408,441	\$12,026,661
Income from investments in other companies.....	1,172,336	495,573	1,302,460
Interest income.....	699,434	3,268	702,702
	<u>13,489,695</u>	<u>907,282</u>	<u>14,031,823</u>
Interest on term bank loans.....	650,813	—	650,813
Depreciation.....	1,593,630	403,044	1,996,674
Depletion.....	99,738	173,858	273,596
Preproduction and development expenses written off.....	896,639	—	896,639
Exploration expenses.....	1,825,757	429,593	2,255,350
Taxes on income (Note 2).....	82,806	85,183	167,989
Minority interest in earnings of Endako Mines Ltd. (N.P.L.).....	1,796,447	—	1,796,447
	<u>6,945,830</u>	<u>1,091,678</u>	<u>8,037,508</u>
Profit (loss) for the period — \$1.15 per share.....	<u>\$ 6,543,865</u>	<u>\$ (184,396)</u>	<u>\$ 5,994,315</u>

statement of consolidated earned surplus of amalgamating companies

for the period May 1, 1965 to April 25, 1966 (Note 1)

Balance at beginning of period.....	\$33,645,234	\$3,211,976	\$36,946,119
Add —			
Profit (loss) for the period, per statement above.....	6,543,865	(184,396)	5,994,315
	<u>40,189,099</u>	<u>3,027,580</u>	<u>42,940,434</u>
Deduct —			
Dividends:			
Cash.....	—	250,000	169,288
Stock.....	2,884,582	—	2,680,557
	<u>2,884,582</u>	<u>250,000</u>	<u>2,849,845</u>
	<u>37,304,517</u>	<u>2,777,580</u>	<u>40,090,589</u>
Less —			
Amalgamation adjustment arising from cancellation of 291,464 shares of Placer Development, Limited held by Bulolo Gold Dredging Limited.....	—	—	973,725
Balance at end of period.....	<u>\$37,304,517</u>	<u>\$2,777,580</u>	<u>\$39,116,864</u>

The attached notes form an integral part of these statements
and should be read in conjunction therewith.

consolidated balance sheet

as at April 25, 1966 (Note 1)

ASSETS

Current Assets:

Cash, including time deposits.....	\$13,530,378	
Government guaranteed parity bonds, at cost plus accrued interest.....	1,995,493	
Bullion on hand, at net realizable value.....	15,155	
Accounts receivable.....	5,400,214	
Product inventories, at the lower of cost or net realizable value.....	3,491,744	
Inventories of materials and supplies, at the lower of cost or replacement cost.....	2,109,595	
Prepaid expenses.....	118,459	\$26,661,038

Investments and Other Assets:

Shares and debentures —		
With quoted market values (\$62,499,292 — Note 4).....	7,309,905	
Without quoted market values, at cost.....	1,883,841	
Other investment, at underlying book value.....	437,194	
Advances to mining companies, at cost.....	2,707,446	
Deferred amount receivable from sale of subsidiary companies.....	2,410,000	14,748,386

Fixed Assets:

Mining and other properties, at cost less accumulated depletion of \$10,251,567.....	939,164	
Plant, buildings and equipment, at cost less accumulated depreciation of \$13,109,446.....	25,441,246	26,380,410

Exploration in Progress, at cost.....		3,355,329
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Preproduction and Development Expenses, at cost less preproduction credits and amount written off.....

3,414,364
\$74,559,527

Approved on Behalf of the Board:

J. D. Simpson, *Director.*

T. H. McClelland, *Director.*

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Demand bank loans and minimum annual repayment on term bank loans, of subsidiary companies.....	\$ 8,265,745	
Accounts payable and accrued liabilities.....	2,892,427	
Income taxes payable — estimated (Note 2).....	73,922	\$11,232,094

Term Bank Loans of Endako Mines Ltd. (N.P.L.) (Note 5).....	12,201,685	
Less: Minimum payment due within one year.....	4,305,064	7,896,621

Deferred Account Payable of Australian Subsidiary:

Non-interest bearing, payable on or before May 3, 1968 (\$A 2,000,000).....		2,410,000
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Minority Interest in Endako Mines Ltd. (N.P.L.)		1,871,389
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Unrealized Gain on Foreign Exchange (Note 3).....		220,269
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Shareholders' Equity:

Share Capital (Note 6) —

Authorized:

7,908,000 common shares without nominal or par value

92,000 exchangeable common shares without nominal or par value

3,000,000 redeemable preference shares with a nominal or par value of \$1 each

Issued: 5,357,276 common shares..... 6,140,655

Less: 129,139 common shares held by subsidiary company..... 1,728,327

5,228,137 common shares..... 4,412,328

Contributed Surplus..... 7,399,962

Earned Surplus (Note 7) —

Per statement attached..... 39,116,864 50,929,154

\$74,559,527

The attached notes form an integral part of these statements and should be read in conjunction therewith.

notes to financial statements

as at April 25, 1966

Note 1:

At extraordinary general meetings of the shareholders of Placer Development, Limited and Bulolo Gold Dredging Limited held on April 15 1966, the shareholders of the companies approved the amalgamation of their companies pursuant to the Companies Act of the Province of British Columbia under the name of Placer Development Limited, upon and subject to the terms and conditions set forth in the Amalgamation Agreement dated February 16 1966. The Amalgamation Agreement was subsequently approved by the Supreme Court of British Columbia on April 25 1966 and a certificate of the Registrar of Companies of the Province of British Columbia certifying that the amalgamating companies had amalgamated and are continuing as one company under the name of Placer Development Limited was received April 26 1966.

The attached financial statements include a consolidated balance sheet of the

amalgamated company and subsidiary companies as at April 25 1966 (the close of business of the amalgamating companies) and statements of consolidated profit and loss and earned surplus of the amalgamating companies, Placer Development, Limited and Bulolo Gold Dredging Limited, for the periods May 1 1965 to April 25 1966 and June 1 1965 to April 25 1966 respectively. All transactions (including dividends) between the amalgamating companies have been eliminated.

The attached financial statements include the accounts of all subsidiaries of the amalgamating companies including the accounts of Endako Mines Ltd. (N.P.L.) which became a subsidiary of Placer Development, Limited in June 1965.

Note 2:

Under the special provisions of the Income Tax Act applicable to mining cor-

porations, the company's subsidiary Endako Mines Ltd. (N.P.L.) had no income as computed for income tax purposes for its year ended April 30 1966, and has, therefore, no income tax liability in respect of the year.

Note 3:

For purposes of inclusion in the financial statements, accounts prepared in foreign currencies have been restated in Canadian dollars. Current assets and current liabilities have been converted at the rates prevailing on April 25 1966, other assets and liabilities substantially at the rates at the dates of the relevant transactions and amounts (other than depreciation and depletion) appearing in the statement of consolidated profit and loss at average rates.

The unrealized foreign exchange gain has been carried forward on the consolidated balance sheet.

Note 4:

Shares and debentures with quoted market values as at April 25 1966 comprise the following:

Craigmont Mines Limited —

2,264,050 common shares of 50 cents each, at cost.....

Mattagami Lake Mines Limited (N.P.L.) —

1,706,526 shares of \$1 each, at cost.....

21,448 6% secured income debentures Series "A" due April 30 1975, at cost.....

Magnum Consolidated Mining Co. Ltd. (N.P.L.) —

1,091,224 shares without nominal or par value, at cost less amounts written off.....

Miscellaneous, at cost.....

<i>Recorded value</i>	<i>Quoted market value</i>
\$1,413,432	\$32,262,712
3,145,359	27,091,100
2,059,008	2,101,904
311,596	654,734
380,510	388,842
<u>\$7,309,905</u>	<u>\$62,499,292</u>

Note 5:

The term bank loans of Endako Mines Ltd. (N.P.L.) (bearing interest at $\frac{3}{4}$ of 1% above the New York prime rate), which are secured by a fixed and floating charge against the assets of that company, amounted to \$12,201,685 (U.S. \$11,336,000) as at April 25 1966. The loan agreements call for 80% of the cash flow from the operations of the company's mine to be applied to repayment commencing January 1 1966 with a minimum annual repayment of \$4,305,064 (U.S. \$4,000,000) and the full amount of the loan is to be repaid within four years of such date.

Note 6:

Under the employee stock option plan, options to purchase 15,060 common shares and 31,600 exchangeable common shares are outstanding as at April 25 1966. Options are exercisable as to 20% one year from the date of option and as to 20% in each of the four succeeding years at prices ranging from \$6.875 to \$25.435 per share.

Note 7:

The earned surplus of Placer Development Limited as at April 25 1966 included an amount of approximately \$25,000,000,

which, under certain conditions, may be distributed to the shareholders free of Canadian income taxes. The foregoing amount arises principally from net capital profits realized over the years on the sale of assets and properties, by the amalgamating companies.

Note 8:

Total remuneration paid during the year to directors for services performed as directors, officers, or employees amounted to \$239,472 for Placer Development, Limited and \$29,532 for Bulolo Gold Dredging Limited.

auditors' report

**To the Shareholders,
Placer Development Limited:**

We have examined the consolidated balance sheet of Placer Development Limited and subsidiary companies as at April 25 1966 and the statements of consolidated profit and loss and earned surplus of the amalgamating companies for their fiscal periods ended on that date. Our examination of Placer Development Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered

necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the Australian and United States subsidiaries and of the Sydney and New Guinea branches of the amalgamating companies.

In our opinion, the accompanying consolidated balance sheet of Placer Development Limited and subsidiary companies and the statements of consolidated profit and loss and earned surplus of the amalgamating companies present fairly the

financial position of Placer Development Limited and subsidiary companies as at April 25 1966 and the results of operations of the amalgamating companies for their fiscal periods ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that used by the companies in their preceding fiscal periods.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

September 13, 1966.
Vancouver, B.C.

consolidated statement of source and application of funds of amalgamating companies

for the period May 1, 1965 to April 25, 1966

Working capital, beginning of period			\$18,637,045
Source:			
Net profit.....	\$5,994,315		
Add: Depreciation and depletion.....	2,270,270		
Minority interest in earnings of Endako Mines Ltd. (N.P.L.).....	1,796,447	\$10,061,032	
Redemption of Mattagami Lake Mines Limited debentures.....		2,817,696	
Sale of treasury shares (options exercised).....		109,438	
		<u>12,988,166</u>	
Application:			
Dividends.....	2,849,845		
Reduction in term bank loans.....	6,180,466		
Fixed assets — net.....	5,109,558		
Increase in exploration in progress.....	1,344,326		
Investments and advances.....	712,072	16,196,267	
Decrease in working capital.....			3,208,101
Working capital, end of period			<u><u>\$15,428,944</u></u>

Placer Development Limited

Incorporated in British Columbia, Canada

DIRECTORS

John W. Austin, Sydney, Australia
Russell H. Bennett, Minneapolis, U.S.A.
John R. Bradfield, Toronto, Canada
James C. Dudley, New York, U.S.A.
Albert E. Gazzard, Sydney, Australia
Thomas H. McClelland, Vancouver, Canada
Richard V. Porritt, Toronto, Canada
John D. Simpson, Vancouver, Canada
Vernon F. Taylor, Jr., Denver, U.S.A.
H. Richard Whittall, Vancouver, Canada

OFFICERS

John D. Simpson, *Chairman of the Board*
Thomas H. McClelland, *President and
Chief Executive Officer*
John W. Austin, *Vice-President*
J. Douglas Little, *Vice-President, Operations*
James C. Tarbuck, *Comptroller*
James L. McPherson, *Secretary*
John R. Croll, *Treasurer*
John M. McConville, *Assistant Secretary*
Garth S. Jones, *Assistant Treasurer*
Allan R. Edwards, *Sydney Secretary*

OFFICES

Head Office: 700 Burrard Building, Vancouver, Canada
Sydney Office: Shell House, Sydney, Australia

AUDITORS

Price Waterhouse & Co.,
Chartered Accountants, Vancouver, Canada
Routley & Routley,
Public Accountants, Sydney, Australia

SOLICITORS

Cowan & Co., Vancouver, Canada

BANKERS

Canadian Imperial Bank of Commerce
Bank of New South Wales
Brown Brothers Harriman & Co.
First National City Bank
Bankers Trust Company
The Chase Manhattan Bank
The Mercantile Bank of Canada

TRANSFER AGENTS

Company's Office at Sydney, Australia
National Trust Company, Limited
Vancouver and Calgary, Canada
Eastern & Chartered Trust Company,
Toronto and Montreal, Canada

REGISTRARS

National Trust Company, Limited,
Vancouver and Calgary, Canada
Eastern & Chartered Trust Company,
Toronto and Montreal, Canada

STOCK EXCHANGE LISTINGS

Vancouver, Toronto, Montreal, Canada
and Sydney, Australia

Canadian Interests

Foreign Interests

